



***United States Attorney  
Southern District of New York***

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**MANHATTAN U.S. ATTORNEY CHARGES THREE FORMER CHELSEA  
PIERS REFEREES AND BASKETBALL PROGRAM MANAGER IN SCHEME  
TO EVADE INCOME TAXES**

*Defendants Stole Identities Of Children And Others To Mask Income  
Received From Officiating Games*

PREET BHARARA, the United States Attorney for the Southern District of New York, and CHARLES R. PINE, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service, Criminal Investigation Division ("IRS-CID"), announced charges today against PETER IULO, a former referee and basketball program supervisor at Chelsea Piers Management, Inc. ("Chelsea Piers"), and JAMES MURRAY, a Chelsea Piers employee who oversaw the basketball program, for their roles in a scheme to use stolen identities to evade taxes on income paid to various referees in Chelsea Piers' adult basketball leagues. Two other referees, GERARD FAHY and ROBERT SPENCE, pled guilty yesterday for their participation in the scheme. IULO and MURRAY were arrested this morning and arraigned this afternoon in Magistrate Court.

Manhattan U.S. Attorney BHARARA said: "Stealing the identities of kids on a sports team and family members in an effort to avoid paying taxes is one for the books, but that is exactly what is alleged to have happened in this case. The benefit these four defendants stood to gain pales in comparison to the prison time they potentially face for their intricate and egregious scheme."

IRS-CID Special Agent-in-Charge PINE said: "It is ironic that the defendants, who are role models in positions of trust to make sure every game is played fair, do not play fair with the

American taxpayers. Everyone is cheated and no one wins. The Government has to devote resources to investigate and bring perpetrators to justice, which American taxpayers bear the cost. IRS Special Agents will continue to work with the U.S. Attorney's office and bring criminals to justice."

According to the Indictment charging IULO and MURRAY, which was unsealed today, and the Informations to which FAHY and SPENCE pled guilty:

Chelsea Piers is a sports and entertainment complex in Manhattan where various adult basketball leagues play their games. Referees for the basketball games are paid approximately \$40 per game by Chelsea Piers. In any year where a referee is paid more than \$600, Chelsea Piers must report to the IRS the payment of income to the referee.

As alleged, the defendants and others participated in a scheme that used stolen identification information to ensure that referees were rarely, if ever, paid more than \$600 per year in their own names. As a result, they avoided having Chelsea Piers report the income they earned to the IRS, and thereby avoided paying taxes on that income. As part of the scheme, the defendants and others provided Chelsea Piers with false IRS forms that contained the stolen identification information. When Chelsea Piers issued checks payable to the stolen identities, the defendants fraudulently endorsed the checks when they were deposited or cashed.

For example, SPENCE earned more than \$10,000 in 2004 for officiating games at the complex. However, Chelsea Piers' records and related IRS forms falsely reflect that he only received \$608. To accomplish this, SPENCE stole the names of members of a youth baseball team that he coached and arranged to be largely paid in those stolen names. FAHY stole and used identities to which he had access as a court reporter for the New York State Workers' Compensation Board. Another participant in the scheme stole identities from a local Chamber of Commerce and arranged to be paid in those names, as well as in the names of friends and relatives.

IULO is also charged with tax evasion related to his failure to file timely personal income tax returns for 2005 through 2008, despite depositing more than \$63,000 in checks he received from Chelsea Piers into a bank account he maintained during this time frame.

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All four defendants were charged with one count of conspiracy to defraud the United States, to evade taxes, and to file false tax returns, and one count conspiracy of to commit identity theft. IULO, FAHY and SPENCE are also charged with tax evasion - FAHY and SPENCE each with one count and IULO with four counts. In addition, IULO is charged with one count of aggravated identity theft.

The tax evasion conspiracy charge carries a maximum sentence of five years in prison and three years of supervised release. The identity theft conspiracy charge carries a maximum sentence of 15 years in prison and three years of supervised release. Each substantive tax evasion charge carries a maximum sentence of five years in prison and three years of supervised release. The aggravated identity theft charge carries a mandatory consecutive two-year prison term and a maximum of one year of supervised release. On each of the charges, the defendants face various fines.

IULO, 53, resides in Brooklyn, New York.

MURRAY, 44, resides in Yonkers, New York.

SPENCE, 57, resides in Bayside, New York.

FAHY, 57, resides in Yonkers, New York.

Mr. BHARARA praised the outstanding efforts of IRS-CID in the investigation.

This case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorneys DANIEL W. LEVY and STANLEY J. OKULA are in charge of the prosecution.

The charges and allegations against contained in the Indictment against IULO and MURRAY are merely accusations, and they are presumed innocent unless and until proven guilty.

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